HOUSING MARKET INFORMATION

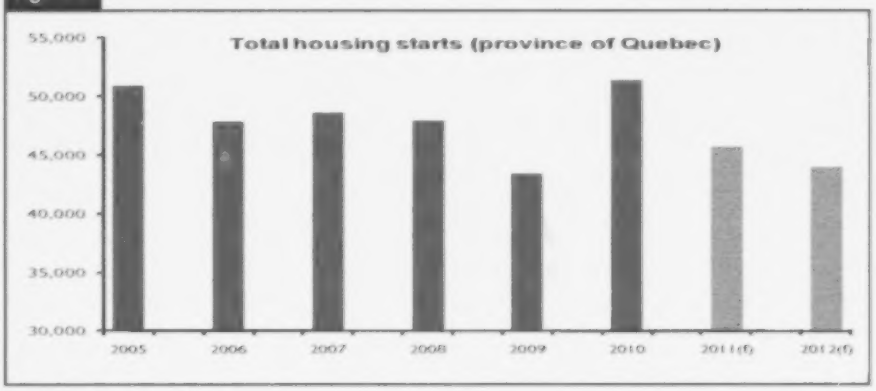
HOUSING MARKET OUTLOOK
Quebec Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: First Quarter 2011

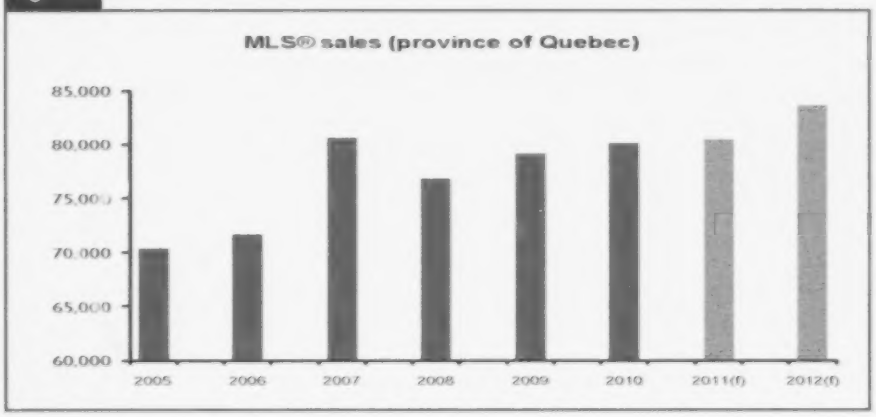
Housing starts forecast

Figure 1



Source and forecasts: CMHC

Figure 2



Source : Canadian Real Estate association, forecasts: CMHC

Overview

A growing economy, favourable borrowing conditions and sustained net migration will continue to support Quebec's housing markets in the next two years.

As a result, 45,700 housing starts are expected in 2011 followed by 44,000 starts in 2012.

The improved global and national economic environments, which have positively impacted Quebec's economy since the second half of 2009, will continue to do so this year and next.

Solid household spending and private investment will support job creation and in turn, housing demand. GDP is expected to grow by 2.1 per cent in 2011 and by 2.3 per cent in 2012.

As was the case in recent years, a variety of demographic factors will also fuel the province's housing markets in the coming years.

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Strong net migration to the province will continue to have a positive impact on the rental and resale markets.

In addition, population ageing will likely prompt older households to adjust their housing needs.

In Detail

Single Starts:

Recently, starts of single detached homes have benefited from the improved economic and financial environment as well as from the reduced supply of such homes on the resale market.

However, the recent easing of the resale market has taken pressure off of new construction. Approximately 18,000 single detached homes will be started in 2011.

It must be added that a trend toward more affordable housing and densification will further cool this market segment in the years to come.

The share of single detached housing starts has consistently declined from over 60 per cent of the total in 2001 to 40 per cent last year.

Multiple Starts:

Following a strong rebound in 2010, starts of multi-family dwellings will settle back to more sustainable levels in the next two years.

Given the current supply of condominium tenure apartments on the market and given the lower growth rate of the population aged 75 and over, which will continue to limit demand for retirement (rental apartment) homes, starts of multiple family homes in 2011 will inevitably decline.

Nonetheless, given the trend toward multi-family housing, multiple starts will approach the 28,000 unit mark in 2011.

Resales:

In 2011, the MLS® will record a similar level of sales activity than the previous year. Resale activity will pick up next year.

Again this year, sales of existing condominiums (town houses or apartments) will be an important component of the total.

Over 80,000 MLS® sales are forecast in 2011 and 83,600 in 2012.

Prices:

Decreasing demand for resale homes, combined with rising supply, will take pressure off prices over the course of the next year.

With a return to more balanced conditions, price growth in the resale market will moderate over the course of 2011 and in 2012.

Interest rates

According to CMHC's base case scenario, posted mortgage rates will remain flat in 2011 before increasing moderately in 2012.

For 2011, the one-year posted mortgage rate is assumed to be in the 3.0 to 3.7 per cent range, while three and five-year posted mortgage rates are forecast to be in the 3.5 to 5.7 per cent range.

For 2012, the one-year posted mortgage rate is assumed be in the 3.5 to 5.5 per cent range, while three and five-year posted mortgage rates are forecast to be in the 4.0 to 7.0 per cent range.

Mortgage rates		
1 Year	Q4 2010	3.21
	Change from Q4 2009	-0.46
	2011 (F)	3.17
	2012 (F)	4.39
5 Year	Q4 2010	5.23
	Change from Q4 2009	-0.41
	2011 (F)	5.47
	2012 (F)	6.06

Source: Bank of Canada, CMHC Forecast
NOTE: Mortgage rate forecast is based on Q4 2010 data

Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
Gatineau	Q4 2010	-4.4	6.5	850.36	Q4 2010	558	185	373	710	220,963
	Q4 2009	2.6	5.9	874.61	Q4 2009	739	279	460	858	208,559
	Change[1]	-7.0	0.6	-2.8%	% Change	-24.5	-33.7	-18.9	-17.2	5.9
Montréal	Q4 2010	1.0	8.5	773.09	Q4 2010	5,630	1,287	4,343	8,480	306,593
	Q4 2009	-0.2	9.1	761.41	Q4 2009	5,763	1,660	4,103	9,695	285,672
	Change[1]	1.2	-0.6	1.5%	% Change	-2.3	-22.5	5.8	-12.5	7.3
Québec	Q4 2010	7.2	4.8	786.07	Q4 2010	1,789	312	1,477	1,541	247,097
	Q4 2009	-0.9	4.9	752.39	Q4 2009	1,600	416	1,184	1,864	218,060
	Change[1]	8.1	-0.1	4.5%	% Change	11.8	-25.0	24.7	-17.3	13.3
Saguenay	Q4 2010	-5.2	8.0	706.73	Q4 2010	152	73	79	288	172,048
	Q4 2009	0.9	7.3	720.10	Q4 2009	181	93	88	273	148,955
	Change[1]	-6.1	0.7	-1.9%	% Change	-16.0	-21.5	-10.2	5.5	15.5
Sherbrooke	Q4 2010	0.8	7.3	721.08	Q4 2010	273	113	160	355	218,671
	Q4 2009	3.0	5.5	704.95	Q4 2009	379	142	237	375	194,320
	Change[1]	-2.2	1.8	2.3%	% Change	-28.0	-20.4	-32.5	-5.3	12.5
Trois Rivières	Q4 2010	-0.7	8.4	727.50	Q4 2010	403	83	320	194	155,916
	Q4 2009	-0.1	9.5	700.21	Q4 2009	362	109	253	217	139,740
	Change[1]	-0.6	-1.1	3.9%	% Change	11.3	-23.9	26.5	-10.6	11.6
Quebec	December 10	2.4	7.5	753.71	Q4 2010	12,973	4,282	8,691	16,124	256,362
	December 09	-0.5	8.4	744.13	Q4 2009	12,855	4,956	7,899	18,070	238,518
	Change[1]	2.9	-0.9	1.3%	% Change	0.9	-13.6	10.0	-10.8	7.5
Canada	December 10	1.8	7.6	829.75	Q4 2010	46,958	20,778	26,180	89,688	344,257
	December 09	-1.2	8.5	812.71	Q4 2009	46,577	24,643	21,934	106,283	338,956
	Change[1]	2.9	-0.9	2.1%	% Change	0.8	-15.7	19.4	-15.6	1.6

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[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

Sources: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, QFREB by Centris®
"SA" means Seasonally Adjusted
NOTE: Some of the data in this table, such as the housing starts data for Q3 and the revised data for Q2, became available after the forecast cut-off date of October 8th 2010. As a result, this data was not considered for the forecast.

Quebec Housing Market Outlook (units and percentage change)											
	2006	2007	2008	2009	2010	2011(F)	2012(F)	2011Q1 (F)	2011Q2 (F)	2011Q3 (F)	2011Q4 (F)
Housing Starts:											
Single	21,917	22,177	19,778	17,535	19,549	17,800	17,600	18,000	18,000	17,750	17,500
%	-8.4	1.2	-10.8	-11.3	11.5	-8.9	-1.1	1.1	0.0	-1.4	-1.4
Multiple	25,960	26,376	28,123	25,868	31,814	27,900	26,400	29,500	28,000	27,000	27,000
%	-3.8	1.6	6.6	-8.0	23.0	-12.3	-5.4	-2.0	-5.1	-3.6	0.0
Total	47,877	48,553	47,901	43,403	51,363	45,700	44,000	47,500	46,000	44,750	44,500
%	-6.0	1.4	-1.3	-9.4	18.3	-11.0	-3.7	-0.8	-3.2	-2.7	-0.6
Existing Home Markets:											
MLS® Sales	71,622	80,649	76,762	79,111	80,126	80,500	83,600	79,000	80,000	81,000	82,000
%	1.8	12.6	-4.8	3.1	1.3	0.5	3.9	-0.7	1.3	1.3	1.2
MLS® Average Price	195,171	207,530	215,307	225,391	241,465	248,900	256,100	248,000	248,500	249,000	250,000
%	5.8	6.3	3.7	4.7	7.1	3.1	2.9	0.0	0.2	0.2	0.4

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Source: CMHC (Starts and Completions Survey), CREA

Quebec Region - Housing Forecast Ranges

	2011			2012		
	Point Forecast	**High Forecast**	**Low Forecast**	**Point Forecast**	**High Forecast**	**Low Forecast**
Quebec						
Housing Starts	45,700	49,500	40,400	44,000	50,600	36,800
Multiple	27,900	30,000	24,700	26,400	29,900	22,000
Single	17,800	19,500	15,700	17,600	20,700	14,800
MLS® Sales	80,500	88,700	72,500	83,600	94,100	73,100
MLS® Average Price ($)	248,900	253,300	242,000	256,100	262,200	244,000
Canada						
Housing Starts	177,600	192,900	157,300	183,800	211,200	154,600
Multiple	94,200	101,600	83,400	97,300	110,100	81,400
Single	83,400	91,300	73,900	86,500	101,100	73,200
MLS® Sales	441,500	485,500	398,500	462,900	519,700	406,300
MLS® Average Price ($)	348,900	355,400	339,000	358,200	367,000	341,100

Sources : CMHC

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Quebec Region Housing Forecast - New Construction

	Housing Starts	2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2010**	YTD 2009**	% chg (2009/2010)
Gatineau	Single-Detached	910	800	-12.1	750	-6.3	910	1,056	-13.8
	Multiple	1,777	1,750	-1.5	1,700	-2.9	1,777	2,060	-13.7
	Total	2,687	2,550	-5.1	2,450	-3.9	2,687	3,116	-13.8
Montréal	Single-Detached	5,789	5,400	-6.7	5,700	5.6	5,789	5,446	6.3
	Multiple	16,212	15,000	-7.5	13,700	-8.7	16,212	13,805	17.4
	Total	22,001	20,400	-7.3	19,400	-4.9	22,001	19,251	14.3
Québec	Single-Detached	1,768	1,600	-9.5	1,500	-6.3	1,768	1,746	1.3
	Multiple	4,884	4,600	-5.8	4,300	-6.5	4,884	3,767	29.7
	Total	6,652	6,200	-6.8	5,800	-6.5	6,652	5,513	20.7
Saguenay	Single-Detached	380	350	-7.9	320	-8.6	380	337	12.8
	Multiple	403	570	41.4	320	-43.9	403	247	63.2
	Total	783	920	17.5	640	-30.4	783	584	34.1
Sherbrooke	Single-Detached	570	565	-0.9	560	-0.9	570	668	-14.7
	Multiple	1,086	885	-18.5	840	-5.1	1,086	912	19.1
	Total	1,656	1,450	-12.4	1,400	-3.4	1,656	1,580	4.8
Trois Rivières	Single-Detached	345	345	0.0	340	-1.4	345	375	-8.0
	Multiple	1,346	480	-64.3	425	-11.5	1,346	652	106.4
	Total	1,691	825	-51.2	765	-7.3	1,691	1,027	64.7

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.
** YTD = January - December

Quebec Region Housing Forecast - Resale Market

		2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2010*	YTD 2009*	% chg (/)
Gatineau	MLS® Sales[1]	4,241	4,150	-2.1	4,150	0.0	4,241	4,335	2.2
	MLS® Avg. Price[1]	218,646	225,000	2.9	230,000	2.2	218,646	206,005	-5.8
Montreal	MLS® Sales[1]	42,347	42,700	0.8	44,300	3.7	42,347	41,754	-1.4
	MLS® Avg. Price[1]	297,621	309,000	3.8	315,000	1.9	297,621	274,837	-7.7
Québec	MLS® Sales[1]	7,083	7,500	5.9	7,600	1.3	7,083	7,962	12.4
	MLS® Avg. Price[1]	237,240	256,000	7.9	270,000	5.5	237,240	212,203	-10.6
Saguenay	MLS® Sales[1]	1,461	1,500	2.7	1,480	-1.3	1,461	1,472	0.8
	MLS® Avg. Price[1]	168,224	180,000	7.0	189,000	5.0	168,224	151,911	-9.7
Sherbrooke	MLS® Sales[1]	1,733	1,765	1.8	1,790	1.4	1,733	1,801	3.9
	MLS® Avg. Price[1]	204,423	208,500	2.0	211,500	1.4	204,423	193,247	-5.5
Trois Rivieres	MLS® Sales[1]	935	900	-3.7	900	0.0	934	1,035	10.8
	MLS® Avg. Price[1]	151,937	160,000	5.3	165,000	3.1	151,937	142,048	-6.5

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Sources: CMHC, CREA, QFREB by Centris®, CMHC Forecast 2010-2011

[1] Source for the CMA's : QFREB by Centris®, YTD: January to June

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

* YTD = January - December

Quebec Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2010	Oct 2011(F)	Oct 2010	Oct 2011(F)
Gatineau	2.5	2.8	711	725
Montréal	2.7	2.4	700	705
Québec	1.0	1.2	692	705
Saguenay	1.8	2.1	535	545
Sherbrooke	4.6	4.8	566	575
Trois Rivières	3.9	4.0	533	543
Canada	2.9	2.4	0	0

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

[1] All centres 100,000+

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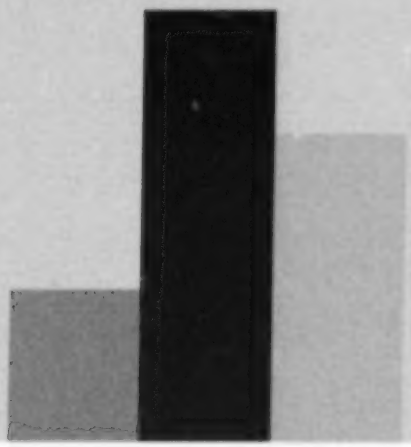

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